McNeil Challenges Converse's Control of Bonanza Air Lines

The first battle for control of a local service airline is under way.

L. G. McNeil, one-time board chairman of Bonanza Air Lines, says he is "dissatisfied" with the present management and will try to change it.

Suing to inspect BAL's stock records and ledger, McNeil said he wants to communicate with stockholders "for the purpose of gaining control . . . through stock purchase and stock control, and to obtain proxies from said stockholders so as to obtain new management . . ."

BAL's present management team is headed by board chairman and president Edmund Converse, organizer of the company in 1945.

With the annual stockholders' meeting only five weeks away, on May 4, the proxy fight may be intense. BAL has 849,000 shares outstanding; 470,000 of these were issued last June. Converse holds 211,000, or almost 25%. McNeil, who resigned as board chairman in April, 1958 and as a director last month, held about 65,000 at the end of 1958.

Converse warned stockholders this month that a "dissident group" was being formed to try to place control "in the hands of persons having little or no knowledge or understanding of the affairs of your company. The desire of these persons to seize control at this time . . . is indeed a tribute to the achievements of your present management."

Last September, McNeil was critical of Converse following removal by the board of directors of Mrs. Florence Murphy as vice president and secretary of the company. Mrs. Murphy had claimed Converse removed her authority and responsibility, but the board let her go and gave the president a vote of confidence. Whether Mrs. Murphy is associated with the proxy controversy has not been made public.

McNeil as yet has issued no statements detailing his dissatisfaction with the way BAL is being operated. Representatives of the present management, when questioned by AMERICAN AVIATION, said they are ready and willing to stand on the record and are confident of stockholder support. The record includes:

Increase during the past six years of 179% in passengers carried to a 1958 total of 183,129, a 175% jump in passenger-miles, 72% gain in route miles, 200% increase in commercial revenue ($2,844,278 last year). The company has the third lowest break-even need of the local service DC-3 operators.

Purchase of a fleet of six Fairchild F-27s, first of which go into service next week (Mar. 29) on two routes and which are expected to boost traffic 20%.

First airline to get CAB approval (last June) of a government-guaranteed loan to help pay for the new equipment. At that time, BAL also issued the 470,000 shares of stock, which CAB said would provide a "needed" financial cushion.

Recent move into a new administration building next to its hangar at Las Vegas.